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UNITED STATED DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, vs. PLUS MONEY, INC. and MATTHEW LA MADRID, Defendants, THE PREMIUM RETURN FUND LIMITED-LIABILITY PARTNERSHIP; THE PREMIUM RETURN FUND II LIMITED-LIABILITY LIMITED PARTNERSHIP; THE PREMIUM RETURN FUND III LIMITED-LIABILITY LIMITED PARTNERSHIP; RETURN FUND, LLC; RETURN FUND II, LLC; RETURN FUND III, LLC; RETURN FUND IV, LLC; RETURN FUND V, LLC; RETURN FUND VI, LLC; PALLADIUM HOLDING COMPANY; and DONALD LOPEZ Relief Defendants.	Case No.: 3:08 cv-0764 BEN(NLS) **ANSWER OF RELIEF DEFENDANTS PALLADIUM HOLDING COMPANY AND DONALD LOPEZ**

Relief Defendants Palladium Holding Company and Donald Lopez ("Palladium Defendants") hereby Answers the Complaint filed by the Securities and Exchange Commission and states and alleges the following:

ANSWER TO JURISDICTION AND VENUE

1. The Palladium Defendants admit the allegations contained in paragraph 1 of Plaintiff's Complaint.

2. The Palladium Defendants admit the allegations contained in paragraph 2 of Plaintiff's Complaint.

3. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 3 of Plaintiff's Complaint and therefore deny such allegations.

4. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 4 of Plaintiff's Complaint and therefore deny such allegations.

ANSWER TO SUMMARY ALLEGATIONS

5. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 5 of Plaintiff's Complaint and therefore deny such allegations.

6. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 6 of Plaintiff's Complaint and therefore deny such allegations.

7. The Palladium Defendants generally deny the allegations set forth in Paragraph 7 of Plaintiff's Complaint. The Palladium Defendants admit that Palladium received $10,000,000, and thereafter invested this money as instructed by Palladium's investor.

8. The Palladium Defendants generally deny the allegations set forth in Paragraph 8 of Plaintiff's Complaint. The Palladium Defendants admit that Palladium received $10,000,000, and thereafter invested and transferred money as instructed by Palladium's investor.

9. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 9 of Plaintiff's Complaint and therefore deny such allegations.

10. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 10 of Plaintiff's Complaint and therefore deny such allegations.

11. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 11 of Plaintiff's Complaint and therefore deny such allegations.

12. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 12 of Plaintiff's Complaint and therefore deny such allegations.

13. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 13 of Plaintiff's Complaint and therefore deny such allegations.

14. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 14 of Plaintiff's Complaint and therefore deny such allegations.

15. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 15 of Plaintiff's Complaint and therefore deny such allegations.

16. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 16 of Plaintiff's Complaint and therefore deny such allegations.

17. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 17 of Plaintiff's Complaint and therefore deny such allegations.

18. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 18 of Plaintiff's Complaint and therefore deny such allegations.

19. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 19 of Plaintiff's Complaint and therefore deny such allegations.

20. The Palladium Defendants admit the allegations contained in Paragraph 20 of Plaintiff's Complaint.

21. The Palladium Defendants admit the allegations contained in Paragraph 21 of Plaintiff's Complaint.

ANSWER TO FACTUAL ALLEGATIONS

22. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 22 of Plaintiff's Complaint and therefore deny such allegations.

23. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 23 of Plaintiff's Complaint and therefore deny such allegations.

24. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 24 of Plaintiff's Complaint and therefore deny such allegations.

25. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 25 of Plaintiff's Complaint and therefore deny such allegations.

26. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 26 of Plaintiff's Complaint and therefore deny such allegations.

27. The Palladium Defendants admit that Palladium received $10,000,000 and that Palladium is owned by Lopez.

28. The Palladium Defendants admit receiving $10,000,000 and investing the funds as directed by its investor or transferring the funds as directed by its investor.

29. The Palladium Defendants generally deny the allegations set forth in Paragraph 29 of Plaintiff's Complaint. Palladium admits that after receiving the $10,000,000, it began investing the money in various investments as directed by Palladium's investor or transferring the money as directed.

30. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 30 of Plaintiff's Complaint and therefore deny such allegations.

31. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 31 of Plaintiff's Complaint and therefore deny such allegations.

32. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 32 of Plaintiff's Complaint and therefore deny such allegations.

ANSWER TO FIRST CLAIM FOR RELIEF

33. The Palladium Defendants hereby incorporate by reference the answers to Paragraphs 1-32 as if fully set forth herein.

34. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 34 of Plaintiff's Complaint and therefore deny such allegations.

35. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 35 of Plaintiff's Complaint and therefore deny such allegations.

36. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 36 of Plaintiff's Complaint and therefore deny such allegations.

ANSWER TO SECOND CLAIM FOR RELIEF

37. The Palladium Defendants hereby incorporate by reference the answers to Paragraphs 1-36 as if fully set forth herein.

38. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 38 of Plaintiff's Complaint and therefore deny such allegations.

39. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 39 of Plaintiff's Complaint and therefore deny such allegations.

40. The Palladium Defendants are without sufficient knowledge or information to form a belief as to the truthfulness of the allegations contained in Paragraph 40 of Plaintiff's Complaint and therefore deny such allegations.

GENERAL DENIAL

The Palladium Defendants deny each and every allegation not specifically admitted herein.

AFFIRMATIVE DEFENSES

The Palladium Defendants hereby assert the following affirmative defenses.

1. Plaintiff's Complaint fails to state a claim upon which relief may be granted.

2. Plaintiff's Complaint is barred in whole or in part by the applicable statute of limitations.

3. Plaintiff's complaint if barred by the equitable doctrines of waiver, estoppel and laches.

4. The Palladium Defendants state and allege that they received the $10,000,000 and invested it according to their investor's instructions and are not liable to the Plaintiff for return of the money.

WHEREFORE, having fully answered Plaintiff's Complaint, The Palladium Defendants pray this honorable Court will deny the relief requested in Plaintiff's Complaint as to the Palladium Defendants, lift the preliminary injunction currently entered, find against the Plaintiff and in favor of the Palladium Defendants on all claims against the Palladium Defendants, and for such other and further relief as the Court shall deem just and proper.

DATED: June 27, 2008

Respectfully submitted,

ROBERT J. LISKEY
Attorney for Relief Defendants
Palladium Holding Company and Donald Lopez

CERTIFICATE OF SERVICE

I hereby certify that on the 27th day of June, 2008, a true and correct copy of the foregoing Answer of Relief Defendants Palladium Holding Company and Donald Lopez was duly filed served by U.S. Mail, postage prepaid, addressed to the following:

Peter F. Del Greco
Securities and Exchange Commission
5670 Wilshire Blvd., 11th Floor
Los Angeles, CA 90036

MARK ESTRADA
Assistant to Attorney Robert J. Liskey
Tyler & Wilson, LLP